

~~SECRET NOFORN~~
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18 June 1962

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MEMORANDUM FOR: [REDACTED]
SUBJECT: Prices for Agricultural Products and Ration-
ing of Consumer Goods In Communist China
25X1A6C
REFERENCE: [REDACTED]

I. Available details on increases in prices for agricultural products are gisted below. The key source is not releasable to foreign nationals. However, numerous press reports have implicitly admitted increases in state purchase prices for a significant portion of subsidiary agricultural products. Also, prices on rural free markets, believed to have been the channel for large quantities of non-staple foodstuffs, are known to have been many times higher than official state prices.

A. ~~NOFORN~~ - An official Chinese Communist document dated 19 April 1961 stated that state purchase prices for grain had been raised 10-20 percent in 1960, while the former selling prices remained unchanged. The document also stated that problems still remained in the relative pricing of industrial and agricultural products, and that pricing ~~25X1A2~~ purchase methods were being adjusted". [REDACTED]
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Comment: The above statements are the basis for the assumption here that state purchase prices were further increased in 1961. It is believed sufficient for the generalization that higher purchase prices were among the inflationary pressures in 1961. No information is available on specific purchase prices before or after 1960. -~~NOFORN~~

B. Press articles during the summer and fall of 1961 (e.g., a Ta Kung Pao editorial of 19 October 1961) reported that commercial units in various provinces were "negotiating" prices for third-category agricultural products with communes, brigades and teams. People's Daily in an article on 9 March 1962 stated that first- and second-category commodities were purchased at "planned prices" but that prices could be "negotiated" for third-category goods. (UNCL)

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Comment: Negotiated prices between the state and collective units clearly implies higher state purchase prices. Third-category goods ordinarily account for about 20 percent of total agricultural output.

II. Information on the extension of rationing to most consumer goods in the cities comes from foreign press, diplomatic and refugees sources and is still fragmentary. The regime has not discussed its introduction in the press. Details from two former Shanghai workers on the system as it was operating in Shanghai are only recently available.

A. It was reported in January 1962 from diplomatic sources in Peiping that the rationing system had been extended to "a wide range" of consumer goods in several cities. ~~(NOFORN)~~ - A collateral source reported that 45 commodities were affected, including woolen clothing, footwear, matches, thermos flasks, tinned food, crockery, bicycles and watches. In Shanghai, the number of coupons was issued to individuals in proportion to their monthly salary, with the coupons value for various articles reported as high enough to ensure that the average wage earner could buy only very limited amounts each month. - ~~(NOFORN)~~

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B. In February, [redacted] in Shanghai said the ticket system still in effect, with varied reports as to its effectiveness. Readjustments in the coupon value were said to be continuing. A Tientsin source ~~(NOFORN)~~ the local rate for bicycles was 450 tickets. (S, [redacted])

C. A French dispatch from Peiping stated that a system of coupons for the purchase of certain industrial products reportedly had been instituted in Tientsin and Shanghai, and was scheduled for Peiping "soon". Details were only that the number of coupons would be in proportion to salary. ([redacted], 26 Apr 62) ~~(NOFORN)~~

D. The Agence France Presse correspondent in Peiping reported on 27 April that rationing of consumer goods had begun in Peiping. Affected were some 50 items ranging from kitchen utensils to bicycles and including razors and watches. Goods would be sold henceforth only against coupons of ¥20 each, according to AFP, made available on a pro rata basis of individual earnings. The system reportedly had come into effect in such cities as Shanghai, Wuhan and Tientsin since January. [redacted]

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- E. The Berba correspondent in Peiping reported on 27 April that "a number of commodities" which had been freely sold before were now requiring coupons. Mainly affected were industrial commodities. Details were termed difficult to come by because there had been no official announcement and no press discussion of the new system. Observation of stores disclosed that kitchenware, thermos flasks, toothpaste, radios, clothing and yard-goods were among things sold on the basis of "special coupons". [REDACTED]
- F. According to recently available information from two former workers in Shanghai, employed workers as of January were given one "daily necessity purchasing coupon" a month for every ¥10 of their monthly salary, up to a maximum of 25 coupons. Students, housewives, and unemployed people were issued one coupon every two months.
- G. It was reported from Shanghai in April that the new system was announced by the Municipal Government at the end of April, but that details were passed through organizations, unions, etc. rather than through the press. Full details were not yet known. [REDACTED]

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Enclosures (8)

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